

Message Text

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PAGE 01 TANANA 01975 061435Z

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ACTION AF-08

INFO OCT-01 ISO-00 EB-07 INR-07 PRS-01 EUR-12 SS-15 SP-02
/053 W

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R 061312Z DEC 76

FM AMEMBASSY TANANARIVE

TO SECSTATE WASHDC 8660

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STADIS////////////////////////////////////

E.O. 11652:N/A

TAGS: EINV, MA

SUBJECT: US FIRM TO INVEST IN MALAGASY FERTILIZER PLANT

1. SUMMARY. GDRM HAS APPROVED CHOICE OF US FIRM, N-REN,
TO CONSTRUCT, MANAGE AND HOLD 30 PERCENT INTEREST IN TAMATAVE
FERTILIZER CHEMICAL PLANT. END SUMMARY.

2. THIS CABLE LOU AND STADIS TO PROTECT N-REN'S LOCAL
REPRESENTATIVE HENRI FRAISE & SONS WHO INFORMED EMBASSY
THAT SEVERAL OTHER INTERNATIONAL FERTILIZER FIRMS WOULD
LIKE TO CONSTRUCT THIS PLANT. THIS FERTILIZER PLANT HAS
BEEN HIGH ON GDRM'S LIST OF PRIORITY DEVELOPMENT PROJECTS,
AND IT WAS WIDELY KNOWN THAT GDRM WOULD APPROVE SUCH A
PLANT IN NEAR FUTURE.

3. FRAISE, AN EXTREMELY WELL-PLACED PRIVATE FIRM, HAS
REPRESENTED N-REN FERTILIZERS IN MADAGASCAR FOR SOME TIME
AND HAS PROMOTED GDRM/N-REN NEGOTIATIONS FOR LAST THREE
YEARS. (FRAISE REPRESENTS, INTER ALIA, JOHN DEERE,
CATERPILLAR, CESSNA, GENERAL MOTORS, AND GOODYEAR IN
MADAGASCAR, AND IS MAJOR EXPORTER OF VANILLA.) FRAISE
INFORMS EMBASSY THAT CHOICE OF N-REN APPROVED BY
PRESIDENT RATSIRAKA AND SUPREME REVOLUTIONARY COUNCIL
AND EXPECTS CONTRACT TO BE SIGNED IN NEXT FEW WEEKS. PRESS
DEC 6 CARRIED MINISTER OF ECONOMY AND COMMERCE RARIVOSON'S
ANNOUNCEMENT THAT PLANT WILL BE BUILT, BUT DID NOT IDENTIFY
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N-REN AS GDRM'S PARTNER.

4. ACCORDING GEORGE FRAISE, DIRECTOR GENERAL OF HENRI FRAISE, FERTILIZER PLANT WILL COST APPROX \$58 MILLION AND GDRM WILL HOLD 67-70 PERCENT OF THE INVESTMENT, WITH N-REN HOLDING REMAINING SHARES. PLANT WILL TAKE APPROX TWO YEARS TO CONSTRUCT AND ON COMPLETION WILL EMPLOY 180, PRODUCING 96,000 TONS UREA, 60,000 TONS AMMONIA ANNUALLY. MOST OF EQUIPMENT WILL BE SUPPLIED BY N-REN FACTORIES IN AUSTRIA, BELGIUM AND ENGLAND, AND N-REN WILL HOLD MANAGEMENT CONTRACT. PRIVATE EUROPEAN BANKS FINANCING MOST OF COSTS. CONTRACT WILL ALLOW GDRM TO BUY OUT N-REN'S SHARES IN FUTURE.

5. COMMENT: EMBASSY UNDERSTANDS THAT UREA WILL BE USED PRIMARILY TO BOOST RICE PRODUCTION IN EFFORT TO END MADAGASCAR'S RECENT DEPENDENCE ON IMPORTS OF THE MALAGASY STAPLE. SHEINBAUM

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Message Attributes

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Margaret P. Grafeld
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